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HEADLINE: Russia has put itself in the dock: BOB DOLE:

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BODY:

This week's combined courtroom hearing for Russian businessmen Mikhail Khodorkovsky and Platon Lebedev in Moscow has an eerie feel of *deja`vu* for those who recall the "bad old days" of pre-1991 Soviet Russia. Back then, political dissidents, social non-conformists and just about anyone else could be hauled before the government's kangaroo court on trumped-up charges and be summarily sentenced to prison, exile - or worse. Times have changed, or have they? Since Vladimir Putin's rise to power, heavy-handed police and judicial treatment of Mr Khodorkovsky and Mr Lebedev and others like them have raised international concerns. The heady days of glasnost and privatisation that supposedly heralded a "new Russia" have given way to an environment that reeks of political repression, social regression and re-nationalisation of key industries.

While the jury is still out, there is no question that Russia itself is now on trial as observers await the outcome of this case. Coincidentally, Moscow is right now desperately seeking full membership of the World Trade Organisation and "fuller" membership of the Group of Eight advanced countries, in bids that would measurably enhance Russia's stature and credibility as a global leader. But does it qualify? Doubts and opposition are growing with each additional stride backwards.

Just last month, the European Court of Human Rights ruled that the Kremlin's prosecution of Vladimir Gusinsky, one of the first oligarchs to run foul of Mr Putin's prosecutors, violated his human rights. Similar prosecutions are proceeding against other perceived opponents of Mr Putin such as Boris Berezovsky and Akhmed Zakaev. In each case, the timing has been linked to the Kremlin's political agenda, the targets have been people posing a political threat to Mr Putin, while Kremlin favourites engaged in similar business activities have remained untouched. Meanwhile, key independent journalists in Russia continue to be silenced and there are even some rumblings about regulating internet access. Similar to attacks on a free press, show trials and asset seizures breed doubts about Moscow's respect for the rule of law and its commitment to democracy, human rights and free enterprise. It is one thing to demand accountability for deals and sharp practices during Russia's big privatisation period. But when the Kremlin returns to the business of selecting favourites to reward and enemies to punish in connection with ownership of the country's largest businesses, the investment climate suffers. Foreign investors begin to worry about political risk and about putting more money into a Russia that cannot be relied on to respect property rights.

So far, Russia has been somewhat shielded from the economic impact of the politicisation of its justice system by the huge inherent value of its natural resources. But the precipitous fall in Yukos share prices this year is a fresh indicator that markets pay attention to shifting political circumstances. Ultimately, overseas investors will not turn a blind eye to developments that make it hazardous to invest in a country. Each time the Kremlin punishes a particular businessman on the basis of political considerations, it increases the risk of driving foreign investors away. Ultimately, the result could be an exodus of foreign capital that would severely affect the country's plans for development and modernisation.

Already, Mr Putin's continuing apparent popularity at home stands in stark contrast with his developing reputation abroad. Although it may be popular to make scapegoats of Russian businessmen who benefited most from privatisation, their prosecution recalls the chilling Russian adage: "Find me the man and I'll find you the crime". In the short-term, the prosecutions fulfil the political goal of deflecting public rage about Russia's economic and social conditions from the government itself. But longer term, they undermine the foundations of rule of law, due process and political freedom essential to sustaining Russia's new economy.

The return to authoritarian policies and unconstitutional processes has already begun to undermine the historic leap that Russia took when the Soviet system was pushed aside 13 years ago. Russia is at a crucial crossroads and must make a historic decision about its future path. The world is watching - and hoping - that the Russian government's own trial at this moment will result in a positive verdict for the country's prospects.

The writer is a former US Senate majority leader and Republican nominee for president; his law firm Alston & Bird is assisting Group Menatep respond to the Russian government's prosecution of Mikhail Khodorkovsky and Platon Lebedev, two of that company's major shareholders

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